

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Outpatient clinics and surgery centers

Which entity earns the operating revenue and which property obligations survive an operator change?

Identify the actual operation before selecting a financing model: a physician office, diagnostic clinic and ambulatory surgical center are not interchangeable. A building's medical use label does not establish payer enrollment, procedural revenue or rights to operate. Start with a property-only view and a separate operator view, then reconcile them if ownership is related. This is financing preparation, not clinical guidance or a statement of nationwide licensing requirements.

Facility classification controls the evidence

CMS describes a Medicare-participating ambulatory surgical center as a distinct entity with specified operating characteristics and limits on shared operations. Those rules should not be copied onto every outpatient practice. Identify the actual facility type, services, ownership and applicable authorities, then obtain qualified confirmation of the approvals and relationships relevant to that operation.

Billed procedures are not collected property cash

For operator analysis, bridge services performed to contractual adjustments, denials, refunds and collections, with payer concentration and timing visible. Keep facility receipts separate from professional receipts where entities differ. For an unrelated landlord, the contractual rent stream remains the starting point; a tenant's gross billings are not additional building income.

Clinical readiness and building completion can diverge

CDC core practices treat infection prevention as an operational responsibility. A contractor completing the physical space does not by itself prove that the intended service can start collecting revenue. Map equipment installation, staffing, relevant approvals and payer arrangements to the cash forecast. Qualified healthcare advisers should determine clinical and regulatory readiness.

Use with the dedicated Excel model for this niche. All numerical scenarios are hypothetical. Research and calculation scope are separated throughout this guide.

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What lenders want to understand

These are preparation questions. The actual lender determines required evidence, accepted cash flow and approval conditions.

01 / Which entity and approvals generate the forecast receipts?

Provide the entity map, applicable facility classification, approval status and payer agreements, distinguishing confirmed rights from pending applications.

02 / How does procedure activity become collected cash?

Use aggregate service and payer schedules, adjustment/denial trends and receivables aging; do not provide patient-level identifiers.

03 / Who funds the interval before collections stabilize?

Combine equipment deposits, staffing, occupancy expenses and all debt with a dated readiness plan; eliminate intercompany rent when combining related entities.

Turn questions into an evidence ledger

For each answer, record the document date, responsible person, unresolved issue and lender response. Distinguish requested, received, reconciled and accepted. A document upload does not establish acceptance.

Hypothetical: a finished surgery suite awaiting operating readiness

A building renovation finishes before the operator's planned service and collection milestones are complete.

The property pro forma assumes immediate rent while the operator forecast assumes immediate procedures. Reconcile those timelines, fund carrying costs and avoid using the same future receipts to support two independent debt cases.

The financing case should explain both physical completion and the separately evidenced path to operating collections.

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Document checklist

Use a common financial cutoff date. Record gaps and discrepancies alongside the documents.

Document and purpose	Status / owner
Facility/entity/approval matrix - State which entity operates, bills, owns equipment and occupies each space; identify applicable approvals.	☐ Received ☐ Reconciled Owner: _____
Aggregate payer and collection bridge - Explain billed activity, contractual adjustments, denials and cash timing without patient data.	☐ Received ☐ Reconciled Owner: _____
Equipment and fit-out responsibility schedule - Separate leased clinical equipment, tenant improvements and landlord-funded infrastructure.	☐ Received ☐ Reconciled Owner: _____
Readiness milestones with qualified sign-offs - Track construction, clinical preparation, staffing and applicable approvals separately.	☐ Received ☐ Reconciled Owner: _____
Property lease and operator debt/liquidity schedules - Show rent enforceability and operator obligations; remove matching related-party transfers in consolidated analysis.	☐ Received ☐ Reconciled Owner: _____

Attach the financing and cash evidence

Include a signed sources-and-uses reconciliation, existing debt and equipment obligations, proposed term sheet, available equity evidence, and a dated explanation for every material model assumption. Separate restricted balances from spendable cash.

Keep personal and customer records private

Use aggregate operating evidence in this educational workbook. Share sensitive supporting documents only through the lender or advisor's appropriate secure process. The workbook contains no upload connection.

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Use your dedicated Excel model

Procedure Collections -> Operations -> Debt and Funding -> Summary

01 / Select a case

Save an untouched copy. In Assumptions D5 select 1 for Base or 2 for Downside. Both cases feed one monthly calculation; changing the selector recalculates the workbook.

02 / Populate the niche schedule

Replace blue input cells in Procedure Collections!D10:M21 with dated source evidence. Retain formula cells. Source columns are: Staffed procedure-room hours; Hours / completed procedure; Requested procedures; Net allowed facility fee; Uncollectible/denial fraction; Clinical/support payroll; Supplies / procedure; Other business cash costs; Equipment service contracts; Expansion capital.

03 / Replace scenario assumptions

Replace illustrative scenario drivers, property value, acquisition uses, available equity and financing terms in Assumptions. These examples are not market benchmarks or lender requirements.

04 / Reconcile cash and financing

Trace monthly Operations into Debt and Funding. The signed funding surplus deducts closing equity and additional operating cash need; a negative result is an unfunded requirement.

05 / Resolve missing inputs

Inspect the Review checks and every unavailable result. Missing or invalid selected data is n.a.; a valid zero remains zero. Do not replace missing records with zeros.

06 / Confirm the transaction scope

Reconcile the chosen case to lender definitions and actual documents. The model covers twelve operating months and a contractual principal calculation at maturity; it does not forecast future refinancing approval.

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Calculation scope and conventions

Read these alongside the visible formulas. The source schedule is dedicated to this niche; contractual and eligibility decisions remain outside the model.

Net collectible billings are collected partly in the current month and the balance next month. Opening collectible receivables are collected in month 1. No additional receivable/working-capital deduction is made. Reconcile actual aging, denials and payment timing separately.

Facility receipts only: physician professional billings and unrelated entities are excluded. Net allowed fees already exclude contractual payer adjustments; the denial fraction is additional uncollectibility.

Room hours are staffed and operational hours, not proof of clinical readiness, authority, payer enrollment or clinical compliance. This is a business-cash model, not a medical-office rent appraisal.

Combined cash is an operating-business and property measure, not property NOI. Other business debt, taxes/distributions and maintenance capital are deducted once before the residual property-debt proxy.

Value and acquisition price refer only to the real estate. LTV never applies to enterprise value, goodwill, inventory or equipment. The modeled loan is property debt supported by residual combined cash, not a business-acquisition valuation or program eligibility test.

Business purchases, equipment purchases at closing and goodwill are excluded from the example acquisition uses. Reconcile their separate funding and resulting debt obligations before relying on the property-only equity gap. Include additional post-closing equipment or expansion cash in the capital schedule once.

Related-party rent is shown and eliminated. External property costs exclude mortgage debt and must not also appear in business operating inputs. No intercompany transfer permission is established.

Maintenance capital is deducted before sizing. Additional expansion/property capital is deducted below residual cash. Do not enter the same cost in both places.

All amounts are fictional. Residual coverage, value and cash tests do not establish bank DSCR, program eligibility, business value or a loan commitment.

Sizing cash equals modeled annual cash NCF plus the entered lender adjustment. The adjustment does not create spendable cash.

Coverage size uses amortizing annual service. The loan is the minimum of coverage, LTV, debt yield and the requested ceiling.

The three sizing thresholds are illustrative editable inputs. Negative NCF produces zero income-supported capacity, never a negative loan.

Monthly payments use annual rate/12; IO principal is unchanged. After IO the original principal amortizes over the entered period.

Closing cash and later operating shortfalls are reconciled without counting the same cash reserve twice.

All numerical values are illustrative; no market facts or lender approval are asserted.

The twelve-month operating model omits taxes on investor returns and future refinancing costs except expressly entered items.

Author verification uses Artifact Tool recalculation, saved-XLSX reimport and separate JS arithmetic; independent application verification is recorded separately.

Legal, licensing, environmental, engineering and lender-specific recognition require actual diligence.

Property debt versus business cash

The model starts from the operating business and deducts the listed external costs and obligations. Its remaining cash is a conservative proxy for supporting proposed property debt. This is not a standalone landlord NOI, a lender-defined global DSCR or an SBA eligibility test. Do not add intercompany rent as a second revenue stream.

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A reconciled hypothetical example

Base and Downside are separate recalculations of the same model. Displayed dollars are rounded; Excel retains unrounded values.

Illustrative result	Base	Downside
Business cash collections	\$4,768,500	\$4,463,265
Residual combined cash	\$1,990,500	\$1,404,225
Residual cash used for sizing	\$1,990,500	\$1,404,225
Modeled loan	\$4,500,000	\$3,840,000
Binding sizing constraint	Requested ceiling	LTV
First-year debt service	\$328,556	\$331,426
Required closing equity	\$3,250,000	\$3,910,000
Equity left / (closing gap)	\$750,000	\$90,000
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$750,000	\$90,000
Principal at modeled maturity	\$4,124,224	\$3,578,586

Base operating cash used for sizing is \$1,990,500. The modeled loan is \$4,500,000, with Requested ceiling binding. Closing uses of \$7,750,000 less that loan require \$3,250,000 of equity. Available equity is \$4,000,000; the signed combined surplus/gap is \$750,000 after any additional operating cash need. Downside changes the loan to \$3,840,000 and the combined result to \$90,000.

Illustrative Base / Downside inputs: Real estate collateral value \$7,500,000 / \$6,400,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Change the case and trace the result

Compare the binding sizing constraint, closing equity, monthly cash low point and maturity principal. A smaller modeled loan can increase the sponsor funding need even if the property remains cash-positive. The lender may use different income adjustments, payment conventions or collateral limits.

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Sources, limits and next steps

Sources below support identified research claims. They do not validate the fictional numerical inputs or represent a financing commitment.

CMS: Ambulatory Surgical Centers

ASC certification and distinct-entity description

Supports the distinction between a Medicare-participating ASC and a general medical office, including limits on shared operations. It does not provide a blanket licensing rule for all outpatient clinics or establish a particular provider's certification.

<https://www.cms.gov/medicare/health-safety-standards/certification-compliance/ambulatory-surgery-centers>

Source checked: 2026-10-21

CDC: Core Infection Prevention and Control Practices

Core Practices; Leadership Support

Supports treating infection-prevention responsibilities as part of healthcare operations. Financing, payer analysis and property cash-flow separation are our analysis, not clinical recommendations.

<https://www.cdc.gov/infection-control/hcp/core-practices/index.html>

Source checked: 2026-10-21

About this educational model

Prepared with AI assistance and independently checked against the published example. Artifact Tool recalculation and saved-file checks are recorded in the release evidence. Native Microsoft Excel recalculation has not been independently verified. Verify your edited scenario in your spreadsheet application before using its results.

Discuss your financing with Jaken Finance Group

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